State Of New Mexico
Energy, Minerals and Natural Resources Department

"Response Required - Deadline Enclosed"

Field Inspection Program
"Preserving the Integrity of Our Environment"

10-Jan-19

Permian Water Solutions, LLC
600 Travis Street, Suite 4700
Houston, TX 77002

LETTER OF VIOLATION - Field Inspection

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

[30-025-12802] RICE SWD F #029 OGRID: 373626 F-29-18S-38E 1880 FNL 1745 FWL

Inspection Date	Type Inspection	Inspector	Corrective Action Due By	Inspection No.
1/10/2019	Routine Inspection	[GR] Gary Robinson	4/10/2019	iGR191044261

Violations:

Rule	Violation	Comment
19.15 Oil and Gas	Mechanical Integrity Failure Recorded	Auto Generated Violation - MIT Failure exits.

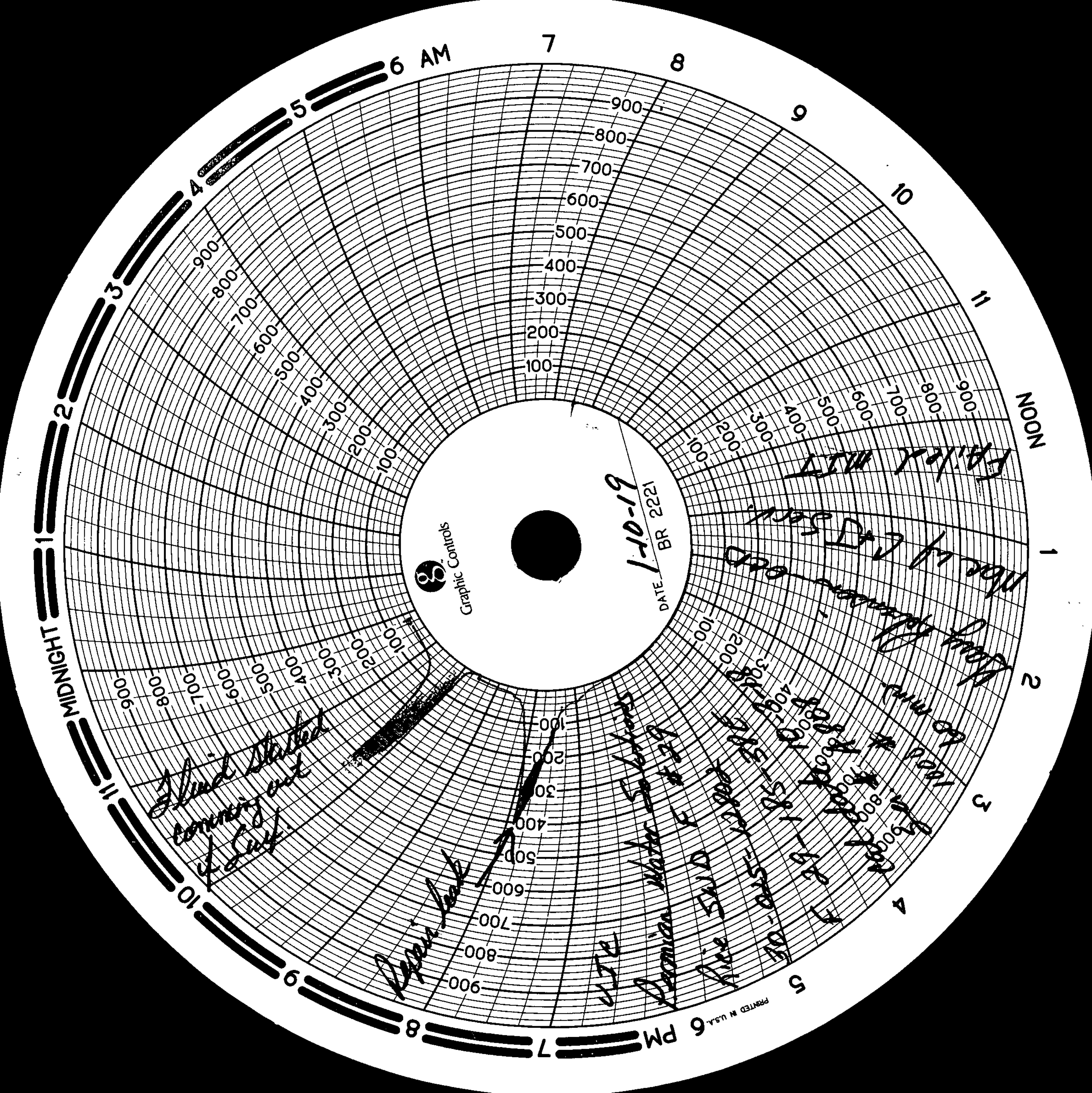
In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

Gary Robinson

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.



Graphic Controls
DATE 1-10-19
BR 2221
6 AM
7
8
9
10
11
NOON
1
2
3
4
5
6 PM
7
8
9
10
11
MIDNIGHT
1
2
3
4
5
Failed MIT
Fluid started coming out of Surf.
Repair leak
PRINTED IN U.S.A.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division Hobbs District Office

BRADENHEAD TEST REPORT

Operator Name	API Number
Permian Water Solutions	30-025-12802
Property Name	**Well No.**
RICE SWD F	#29

Surface Location

UL - Lot	Section	Township	Range		Feet from	N/S Line	Feet From	E/W Line	County
F	29	18S	38E		1880	N	1745	W	LEA

Well Status

TA'D WELL		SHUT-IN		INJECTOR		PRODUCER		DATE
YES	(NO)	YES	(NO)	INJ	(SWD)	OIL	GAS	1-10-19

OBSERVED DATA

	(A)Surface	(B)Interm(1)	(C)Interm(2)	(D)Prod Csng	(E)Tubing
Pressure	0	N/A	N/A	40	0
Flow Characteristics					CO2 ___ WTR ✓ GAS ___ Type of Fluid Injected for Waterflood if applies
Puff	Y / (N)	Y / N	Y / N	Y / (N)	
Steady Flow	Y / (N)	Y / N	Y / N	Y / (N)	
Surges	Y / (N)	Y / N	Y / N	Y / (N)	
Down to nothing	(Y) / N	Y / N	Y / N	(Y) / N	
Gas or Oil	Y / (N)	Y / N	Y / N	Y / (N)	
Water	Y / (N)	Y / N	Y / N	Y / (N)	

Remarks – Please state for each string (A,B,C,D,E) pertinent information regarding bleed down or continuous build up if applies.

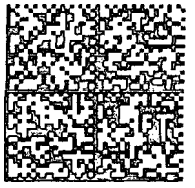
Anvil UIC

Pressured upto 300# and fluid started coming out of Surface

Signature:	OIL CONSERVATION DIVISION
Printed name:	Entered into RBDMS
Title:	Re-test
E-mail Address:	
Date: / Phone:	
Witness: Gary Robinson 575-399-3220	

INSTRUCTIONS ON BACK OF THIS FORM

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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PERMIAN WATER SOLUTIONS,, LLC
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HOUSTON, TX 77002